

REPORT SUMMARY

Office of The Secretary of State

This financial-compliance audit report documents the results of our audit of the Office of the Secretary of State (office) for the two fiscal years ended June 30, 2008. We issued a qualified opinion on the Schedule of Changes in Fund Balances for the fiscal year ended June 30, 2007 and the Schedule of Expenditures & Transfers-Out for the fiscal year ended June 30, 2007. The reader should use caution when using the information presented in these schedules, as well as the supporting data on the state's accounting system for fiscal year 2006-07. We issued an unqualified opinion on the Schedule of Revenue & Transfers-In for the fiscal year ended June 30, 2007, and on all three financial schedules for the fiscal year ending June 30, 2008. The reader may rely on the presented financial information and the supporting data on the state's accounting system for fiscal year 2007-08.

This audit report contains four recommendations. The recommendations relate to ensuring fees charged for business services are commensurate with the cost of providing those services, recording prior year expenses in accordance with state accounting policy, improving internal controls, and forfeiting excess vacation leave. The prior audit of the office included six recommendations. The office implemented five of these recommendations. The recommendation not implemented relates to the ending fund balance in the Enterprise Fund.

The listing below serves as a means of summarizing the recommendations contained in the report, the office's response thereto, and a reference to the supporting comments.

Recommendation #1

We recommend the office comply with state law by ensuring the fees charged for its business services reflect the cost of providing those services, taking into consideration the ending fund balance.....3

Office Response: Conditionally Concur..... B-3

Recommendation #2

We recommend the office enhance controls to ensure prior year expenditures are accurately recorded on the state's accounting records in accordance with state law.4

Office Response: Concur..... B-3

Recommendation #3

We recommend the office implement procedures for monitoring and testing its internal control procedures as required by state policy.5

Office Response: Concur..... B-4

Recommendation #4

We recommend the office ensure excess vacation leave is forfeited as required by state law.....6

Office Response: Concur..... B-4